

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION
OF BP AMERICA PRODUCTION
COMPANY FOR SURFACE
COMMINGLING, EDDY COUNTY, NEW
MEXICO.**

CASE NO. 12967

**APPLICATION OF BP AMERICA
PRODUCTION COMPANY FOR
SURFACE COMMINGLING, EDDY
COUNTY, NEW MEXICO.**

CASE NO. 12968

PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Trilogy Operating, Inc., by and through counsel, Montgomery & Andrews, P.A. as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

BP America Production Company

ATTORNEY

Michael H. Feldewert, Esq.

OPPOSITION OR OTHER PARTY

Trilogy Operating, Inc.
Post Office Box 7606
Midland, Texas 79708
(915) 686-2027

ATTORNEY

Paul R. Owen, Esq.
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Post Office Box 2307
Santa Fe, New Mexico 87504-2307
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STATEMENT OF CASE

APPLICANT

BP America Production Company seeks approval to surface commingle gas production from certain leases.

OPPONENT

Attached to Trilogy's November 21, 2002 Prehearing Statement was an audit report which detailed accounting issues related to Applicant's surface commingling of production from wells which are included in the current Application. Trilogy will discuss the documentation supporting that audit report and the reasons why that audit report indicates that surface commingling should not be approved in these cases. Specifically, Trilogy will demonstrate that Applicant does not appropriately attribute production to individual wells, or accurately measure or determine the hydrocarbon production each common source of supply, pursuant to either the Commission's Manual for the Installation and Operation of Commingling Facilities, or with the provisions adopted by the Commission in Order No. R-11877. Trilogy will detail the inadequacies of Applicant's accounting and the resultant prejudice to the owners of interests in the production which Applicant seeks to commingle.

PROPOSED EVIDENCE

APPLICANT

WITNESSES

EST. TIME

EXHIBITS

Jerry Weant

Approx. 30 min.

Approx. 10

Teresa Nunley, CPA

Approx. 60 min.

Approx. 10

PROCEDURAL MATTERS

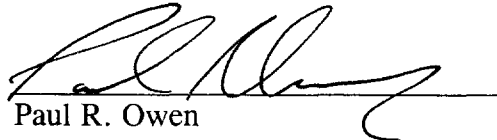
MONTGOMERY & ANDREWS, P.A.

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ATTORNEY FOR TRILOGY
OPERATING, INC.

CERTIFICATE OF SERVICE

I hereby certify that on this 3rd day of January, 2003, I have caused a copy of our Prehearing Statement in the above-captioned case to be hand-delivered to the following named parties:

Michael H. Feldewert, Esq.
Holland & Hart
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Santa Fe, NM 87501
Attorneys for BP America Production Company


Paul R. Owen

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